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11 **UNITED STATES BANKRUPTCY COURT**  
12 **NORTHERN DISTRICT OF CALIFORNIA**  
13 **SAN FRANCISCO DIVISION**

14 **In re:**

15 **PG&E CORPORATION,**

16 **- and -**

17 **PACIFIC GAS AND ELECTRIC  
COMPANY,**

18 **Debtors.**

19  Affects PG&E Corporation  
20  Affects Pacific Gas and Electric Company  
 Affects both Debtors

21 \*All papers shall be filed in the lead case,  
22 No. 19-30088 (DM)

Bankruptcy Case  
No. 19-30088 DM (Lead Case)

No. 19-30089 DM

Chapter 11

(Jointly Administered)

Date: December 17, 2019  
Time: 10:00 a.m. (Pacific Time)  
Place: Hon. Dennis Montali  
450 Golden Gate Avenue  
16th Floor, Courtroom 17  
San Francisco, CA 94102

24 **UNITED STATES TRUSTEE'S RESPONSE**

25 **TO DEBTORS' MOTION PURSUANT TO 11 U.S.C. §§ 363(b) AND 105(a) AND FED. R.  
26 BANKR. P. 6004 AND 9019 FOR ENTRY OF AN ORDER (I) AUTHORIZING THE  
27 DEBTORS AND TCC TO ENTER INTO RESTRUCTURING SUPPORT AGREEMENT  
WITH THE TCC, CONSENTING FIRE CLAIMANT PROFESSIONALS, AND  
SHAREHOLDER PROPONENTS, AND (II) GRANTING RELATED RELIEF**

28 <sup>1</sup>Andrew R. Vara, Acting United States Trustee for Region 3, is acting in this appointment for  
Tracy Hope Davis, United States Trustee for Region 17, who has recused herself.

1  
2 Andrew R. Vara, Acting United States Trustee for Region 3 (the “**United States**  
3 **Trustee**”), by and through his undersigned counsel, submits this objection and response (the  
4 “**Response**”) to the Debtors’ Motion Pursuant to 11 U.S.C. §§ 363(b) and 105(a) and Fed. R.  
5 Bankr. P. 6004 and 9019 for Entry of an Order (I) Authorizing the Debtors and the Official  
6 Committee of Tort Claimants (the “**TCC**”) to enter into and perform under that certain  
7 Restructuring Support Agreement, dated as of December 6, 2019 (the “**Tort Claimant RSA**”),  
8 among the Debtors, the TCC, the Consenting Fire Claimant Professionals,<sup>2</sup> and Shareholder  
9 Proponents (the “**RSA Motion**”) (ECF No. 5038).

10 **I. RESPONSE**

11 As a preliminary matter, the United States Trustee acknowledges the difficult challenges  
12 the Debtors face in trying to fashion a settlement with tens of thousands of claimants while trying  
13 to meet the plan confirmation deadline of June 30, 2020. The United States Trustee requests  
14 further information before the Court approves the wide-ranging relief sought in the RSA Motion:

15 (a) The Court has emphasized the need to provide due process, particularly for the  
16 fire victims. The Debtors must explain why the RSA Motion, which proposes to  
17 cap the Debtors’ liability to these victims at \$13.5 billion, must be heard on  
18 shortened notice over the holiday season. The parties to the RSA appear to have  
19 arbitrarily chosen December 20, 2019 as the termination date of the RSA and  
have used that deadline to argue for an expedited hearing. *See RSA at 6.* The  
Debtors should explain why this matter cannot be adjourned.

20 (b) Relatedly, the RSA should not usurp the plan process. The Debtors should  
21 confirm that the RSA is not intended to circumvent the requirements of 11 U.S.C.  
§ 1129, including, as appropriate, the absolute priority rule and the best interest of  
22 creditors test.

23 (c) The RSA Motion describes an opt-in procedure for releases under any plan. The  
24 Debtors should clarify that the proposed releases will not violate the Ninth Circuit  
prohibition of third-party releases.

25 Absent adequate explanations relating to the above concerns, the RSA Motion should not  
26 be approved at this time with such short and limited notice.

28 <sup>2</sup> Unless otherwise indicated, all capitalized terms in this Response have the meanings defined in  
the RSA Motion.

1

2       **A.     Background**

3

4       1.     On January 29, 2019, the Debtors commenced the above-captioned cases by filing  
5     voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. ECF No. 1.

6       2.     No trustee has been appointed in the Debtors' cases. *See generally* Case Dockets.

7       3.     On February 12, 2019, the United States Trustee appointed an Official Committee  
8     of Unsecured Creditors. ECF No. 409. On February 15, 2019, the United States Trustee  
9     appointed the TCC. ECF No. 453.

10      4.     The Debtors' latest monthly operating report for the month of October 2019  
11     ("October MOR") shows an unaudited balance sheet of over \$85 billion in assets and total  
12     shareholder equity of close to \$9 billion. Copies of the relevant pages of the October MOR are  
13     attached as Exhibit A.

14

15       **B.     The RSA Motion**

16      5.     The movants filed the RSA Motion on December 9, 2019, ECF No. 5038, as well  
17     as a motion to shorten time (the "Motion to Shorten"). ECF No. 5040.

18      6.     On December 9, 2019, the Court entered an order granting the Motion to Shorten  
19     Time, requiring objections by December 16, 2019, at 12:00 p.m. PST, and setting a hearing for  
20     December 17, 2019, to consider the RSA Motion. ECF No. 5046.

21

22      7.     The RSA Motion announces a global settlement among the Debtors, the TCC, and  
23     the law firms, which the Debtors state represent individuals holding approximately 70% in  
24     number of prepetition fire claims filed against the Debtors (the "Consenting Fire Claimant  
25     Professionals"), and certain funds and accounts managed by Abrams Capital Management, LP  
26     and Knighthead Capital Management, LLP (the "Shareholder Proponents"). RSA Motion at 8  
27     (unless otherwise noted, the page numbers are generated by the Court's filing system).

8. The parties have resolved, among other things, the treatment and discharge of individual fire claims under the Debtors' chapter 11 plan. Over \$36 billion in asserted prepetition fire liabilities will be resolved through the contribution by the Debtors of cash and stock with an aggregate value of \$13.5 billion and assignment of certain rights and causes of action (the "**Settlement Payment**") to a trust established for the benefit of the fire claimants. The settlement is embodied in the Tort Claimants RSA and term sheet annexed thereto as Exhibit A (the "**Term Sheet**").

9. Specifically, “each holder of a HoldCo Fire Victim Claim shall have its Claim permanently channeled to the Fire Victim Trust, and such Claim shall be asserted exclusively against the Fire Victim Trust in accordance with its terms, with no recourse to the Debtors, the Reorganized Debtors, or their respective assets and properties.” *See RSA Motion, Ex. A* (Term Sheet) at 5 (Article II-Classification of Claims and Interests).

10. According to the RSA Motion, the TCC represents a diverse group of over 70,000 claimants. However, only those “who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002” will receive notice of the settlement. Therefore, the vast majority of the claimants are not receiving notice of a motion that will impact their rights.

11. In the declaration of Jessica Liou in support of the Motion to Shorten (ECF No. 5041), Ms. Liou states that an expedited hearing is necessary because “if the Tort Claimants RSA is not approved by this Court by December 20, 2019, it automatically terminates. The Tubbs trial is scheduled to begin with jury selection on January 7, 2020, with the estimation proceedings to commence before the District Court shortly thereafter on February 18, 2020.”

*See Liou Declaration at ¶ 7.*

1                   C.     Argument

2                   1.     The Debtors Should Explain Why Notice Is Sufficient.

3                   The Certificate of Service has confirmed that a limited group was served with the RSA  
4 Motion. ECF No. 5103. Most of the listed “Consenting Fire Claimant Professionals” have not  
5 filed Bankruptcy Rule 2019 statements, but it appears obvious that many of the fire claimants are  
6 not receiving individual notice of a motion that will impact their rights.<sup>3</sup> *See In re Braniff*  
7 *Airways, Inc.*, 700 F.2d 935, 940 (5th Cir. 1983) (agreement outside a plan that attempts “to  
8 specify the terms whereby a reorganization plan is to be adopted, the parties . . . must scale the  
9 hurdles erected in Chapter 11”).

10                  The only reason for a hearing on December 17, 2019 appears to be because the parties  
11 have set December 20, 2019 as the date the RSA terminates by its own terms. *See* RSA at 6.  
12 The Tubbs trial is scheduled for February, and that trial by itself will not fix the rights of all the  
13 fire victims. *See* Liou Declaration at ¶ 7. The Debtors should explain whether the hearing on the  
14 RSA Motion can be adjourned.

15                  2.     The RSA Should Not Usurp the Plan Process.

16                  At a global level, any plan needs to meet the priority scheme and the best interest test as  
17 codified under 11 U.S.C. § 1129 of the Bankruptcy Code. In this case (absent universal  
18 agreement by creditors to some other treatment), all unsecured claims must receive payment in  
19 full before equity receives anything. As the Supreme Court stated in *Czyzewski v. Jevic Holding*  
20 *Corp.*, the Bankruptcy Code “sets forth a basic system of priority, which ordinarily determines  
21 the order in which the bankruptcy court will distribute assets of the estate.” 137 S. Ct. 973, 979  
22

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23                  <sup>3</sup> Of the tort victims, only those “who have formally appeared in these Chapter 11 Cases and  
24 requested service pursuant to Bankruptcy Rule 2002” will receive notice. RSA Motion at 25-26.  
25 The TCC represents a diverse group of over 70,000 claimants. RSA Motion at 24.

1 (2017). The Chapter 11 process is more flexible than the Chapter 7 process, which must follow  
2 the prescribed order of priority under 11 U.S.C. §§ 507 and 726. However, “a bankruptcy court  
3 cannot confirm a plan that contains priority-violating distributions over the objection of an  
4 impaired creditor class.” *Id.* Further, 11 U.S.C. § 105(a) does not authorize the approval of a  
5 non-plan priority-skipping distribution, as this Court cannot “alter the balance struck by the  
6 statute.” *Id.* at 987 (quoting *Law v. Siegel*, 134 S. Ct. 1188, 1198 (2014)); *see also Braniff*, 700  
7 F.2d at 939-40 (analyzing and ultimately overruling a bankruptcy court approved agreement that  
8 “thwart[ed] the Code’s carefully crafted scheme for creditor enfranchisement where plans of  
9 reorganization are concerned”).

10  
11 The Debtors must explain the purpose of the RSA. If the purpose is to commit a group of  
12 consenting fire claimants to a certain course of action, that is one matter. If the RSA is to be  
13 used as a cudgel at the plan confirmation stage to argue that fire claimants’ rights are  
14 predetermined before the plan process has played out, with its intricate panoply of creditor  
15 protections, that is another.

16  
17 **3. The Releases May Be Overly Broad**

18  
19 The RSA states that “each Consenting Fire Claimant Professional shall use all reasonable  
20 efforts to advise and recommend to its existing and future clients (who hold Fire Victim Claims)  
21 to (i) support and vote to accept the Amended Plan, and (ii) to opt-in to consensual releases  
22 under Section 10.9(b) of the Amended Plan . . . .” RSA at 5. The Amended Plan has now been  
23 filed and retains the following as additional released parties:

24  
25 [S]uch entities’ predecessors, successors, assigns, subsidiaries, affiliates, managed  
26 accounts and funds, current and former officers and directors, principals, equity  
27 holders, members, partners, managers, employees, subcontractors, agents,  
28 advisory board members, restructuring advisors, financial advisors, attorneys,  
accountants, investment bankers, consultants, representatives, management  
companies, fund advisors (and employees thereof), and other professionals, and

1                   such entities' respective heirs, executors, estates, servants, and nominees, in each  
2                   case in their capacity as such.

3                   Amended Plan, Redline Version, ECF No. 5102, Section 1.161.

4                   Third party releases are generally prohibited in the Ninth Circuit. *Resorts International,*  
5                   *Inc. v. Lowenschuss (In re Lowenschuss)*, 67 F.3d 1394, 1401-02 (9th Cir.1995). The Debtors  
6                   should describe the effect on the RSA of a subsequent finding by the Court that the releases are  
7                   overly broad or invalid.

8                   **WHEREFORE**, for the reasons set forth above, the RSA Motion should be denied or  
9                   adjourned.

11                   Dated: December 16, 2019

12                   Andrew R. Vara  
13                   Acting United States Trustee, Region 3

14                   By:    \_\_\_\_\_  
15                   /s/ Timothy S. Laffredi  
16                   Timothy S. Laffredi  
17                   Assistant United States Trustee  
18                   Greg M. Zipes  
19                   Trial Attorney  
20                   Cameron M. Gulden  
21                   Trial Attorney

# **EXHIBIT A**

**UNAUDITED BALANCE SHEETS  
AS OF OCTOBER 31, 2019**

(in millions)	Reference	Pacific Gas & Electric Company	PG&E Corporation	PG&E Corporation Consolidated
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	Items 10 and 11	\$ 2,240	\$ 444	\$ 2,684
Accounts receivable				
Customers (net of allowance for doubtful accounts of \$40)	Item 4	1,240	—	1,240
Accrued unbilled revenue		807	—	807
Regulatory balancing accounts		2,291	—	2,291
Other		2,598	86	2,588
Regulatory assets		285	—	285
Inventories	Item 3			
Gas stored underground and fuel oil		111	—	111
Materials and supplies		530	—	530
Income taxes receivable		262	1	263
Other		646	11	658
<b>Total current assets</b>		<b>11,010</b>	<b>542</b>	<b>11,457</b>
<b>Property, Plant, and Equipment</b>				
Electric		62,093	—	62,093
Gas		22,950	—	22,950
Construction work in progress		2,679	—	2,679
Other Plant in Service		18	2	20
<b>Total property, plant, and equipment</b>		<b>87,740</b>	<b>2</b>	<b>87,742</b>
Accumulated depreciation		(26,094)	(2)	(26,096)
<b>Net property, plant, and equipment</b>	Item 7	<b>61,646</b>	—	<b>61,646</b>
<b>Other Noncurrent Assets</b>				
Regulatory assets		5,650	—	5,650
Nuclear decommissioning trusts		3,106	—	3,106
Operating lease right of use asset		2,378	8	2,386
Income taxes receivable		67	84	151
Other		1,205	12,896	1,349
<b>Total other noncurrent assets</b>		<b>12,406</b>	<b>12,988</b>	<b>12,642</b>
<b>TOTAL ASSETS</b>		<b>\$ 85,062</b>	<b>\$ 13,530</b>	<b>\$ 85,745</b>

**UNAUDITED BALANCE SHEETS  
AS OF OCTOBER 31, 2019**

(in millions)	Reference	Pacific Gas & Electric Company	PG&E Corporation	PG&E Corporation Consolidated
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Short-term borrowings		\$ —	\$ —	\$ —
Long-term debt, classified as current		—	—	—
Accounts payable	Item 5			
Trade creditors		1,833	5	1,838
Regulatory balancing accounts		1,662	—	1,662
Other		699	18	621
Operating lease liabilities		552	3	555
Disputed claims and customer refunds		—	—	—
Interest payable		4	—	4
Other		2,160	(8)	2,152
<b>Total current liabilities</b>		<b>6,910</b>	<b>18</b>	<b>6,832</b>
<b>Noncurrent Liabilities</b>				
Long-term debt		—	—	—
Debtor-in-possession financing	Item 6	1,500	—	1,500
Regulatory liabilities		9,293	—	9,293
Pension and other postretirement benefits		1,928	—	1,928
Asset retirement obligations		6,279	—	6,279
Deferred income taxes	Item 8	1,796	(118)	1,678
Operating lease liabilities		1,826	5	1,831
Other		2,304	59	2,335
<b>Total noncurrent liabilities</b>		<b>24,926</b>	<b>(54)</b>	<b>24,844</b>
<b>Liabilities Subject to Compromise</b>	Item 9	<b>44,296</b>	<b>784</b>	<b>45,080</b>
<b>Shareholders' Equity</b>				
Preferred stock		258	—	—
Common stock		1,322	13,046	13,026
Additional paid-in capital		8,550	—	—
Reinvested earnings		(1,200)	(255)	(4,280)
Accumulated other comprehensive (loss) income		—	(9)	(9)
<b>Total shareholders' equity</b>		<b>8,930</b>	<b>12,782</b>	<b>8,737</b>
Noncontrolling Interest - Preferred Stock of Subsidiary		—	—	252
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 85,062</b>	<b>\$ 13,530</b>	<b>\$ 85,745</b>

## 1. BASIS OF PRESENTATION

### General

On January 29, 2019, PG&E Corporation (the “Corporation”) and its subsidiary, Pacific Gas and Electric Company (the “Utility”) (together with the Corporation, the “Debtors”), filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the U.S. Bankruptcy Court for the Northern District of California (the “Bankruptcy Court”). The Debtors’ Chapter 11 cases are being jointly administered under the caption *In re: PG&E Corporation and Pacific Gas and Electric Company*, Case No. 19-30088 (DM) (the “Chapter 11 Cases”). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in either of the Chapter 11 Cases.

On February 12, 2019, the United States Trustee (the “U.S. Trustee”) appointed an Official Committee of Unsecured Creditors (the “UCC”). On February 15, 2019, the U.S. Trustee appointed an Official Committee of Tort Claimants (the “TCC”).

### Debtor-in-Possession Financial Statements

Financial Accounting Standards Board Accounting Standards Codification 852 (Reorganizations) (“ASC 852”), which is applicable to companies in Chapter 11, requires that financial statements for periods after the filing of a Chapter 11 petition distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. The financial statements have been prepared in accordance with ASC 852. The accompanying financial statements have been prepared solely for purposes of complying with the monthly operating requirements applicable in the Debtors’ Chapter 11 Cases (the “Monthly Operating Reports”). The Debtors caution investors and potential investors not to place undue reliance upon the information contained in the Monthly Operating Reports, which was not prepared for the purpose of providing the basis for an investment decision relating to any securities of the Debtors.

The financial information contained in the Monthly Operating Reports is unaudited, limited in scope, and as such, has not been subject to procedures that would typically be applied to financial statements in accordance with accounting principles generally accepted in the United States of America. The Monthly Operating Reports should not be relied upon by any persons for information relating to current or future financial condition, events, or performance of the Corporation and the Utility and any of their non-debtor subsidiaries, as the results of operations contained in the Monthly Operating Reports are not necessarily indicative of results which may be expected for any other period or for the full year, and may not necessarily reflect the combined results of operations, financial position, and schedule of receipts and disbursements in the future. These unaudited financial statements were prepared using certain assumptions and estimates. These assumptions and estimates are subject to revision. Further, the amounts shown in this statement may differ materially due to adjustments in accruals, changes in facts and circumstances, changes in estimates, further analysis, and other factors.

The Utility’s unaudited financial statements reflected under the column “Pacific Gas and Electric Company” are presented on a consolidated basis and include the accounts of the Utility and the following subsidiaries of the Utility that individually and in aggregate are immaterial: Eureka Energy Company, Midway Power, LLC, Pacific Energy Fuels Company, and Standard Pacific Gas Line Incorporated.

The Corporation’s unaudited financial statements reflected under the column “PG&E Corporation” are presented on a consolidated basis and include the accounts of the following subsidiaries of the Corporation that individually and in aggregate are immaterial: PCG Capital, Inc., PG&E Corporation Support Services, Inc., and PG&E Corporation Support Services II, Inc. The Corporation’s unaudited financial statements reflected under the column “PG&E Corporation” exclude the accounts of the Utility.

The Corporation’s unaudited financial statements reflected under the column “PG&E Corporation, Consolidated” are presented on a consolidated basis and include the accounts of the Corporation, the Utility, and other wholly owned and controlled subsidiaries.

These unaudited financial statements differ from the requirements of generally accepted accounting principles in that they exclude certain financial statements (statements of cash flows, shareholders’ equity, and other comprehensive income), relevant footnotes and certain reclassifications.

## **Liabilities Subject to Compromise**

As a result of the Chapter 11 Cases, the payment of pre-petition indebtedness is subject to compromise or other treatment under a plan of reorganization. The determination of how liabilities will ultimately be settled or treated cannot be made until the Bankruptcy Court confirms a Chapter 11 plan of reorganization and such plan becomes effective. Accordingly, the ultimate amount of such liabilities is not determinable at this time. ASC 852 requires pre-petition liabilities that are subject to compromise to be reported at the amounts expected to be allowed, even if they may be settled for lesser amounts. The amounts currently classified as liabilities subject to compromise are preliminary and may be subject to future adjustments depending on the Bankruptcy Court actions, further developments with respect to disputed claims, determinations of the secured status of certain claims, the values of any collateral securing such claims, rejection of executory contracts, continued reconciliation or other events.

## **Reorganization Items**

ASC 852 requires expenses and income directly associated with the Chapter 11 Cases to be reported separately in the income statement. Reorganization items are reported net and include expenses related to legal advisory and representation services, other professional consulting and advisory services, debtor-in-possession financing fees and changes in liabilities subject to compromise recognized as there are changes in amounts expected to be allowed, net of interest income.

## **Post-Petition Liabilities**

Post-petition liabilities reflected in the Monthly Operating Report include Accounts payable – trade creditors, Accounts payable – other, and Other current liabilities, excluding amounts pertaining to regulatory liabilities.

## **2. CHAPTER 11 FILING**

On January 29, 2019, the Debtors filed the Chapter 11 Cases with the Bankruptcy Court. The Debtors continue to operate their businesses as debtors in possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

On January 31, 2019, the Bankruptcy Court approved, on an interim basis, certain motions (the “First Day Motions”) authorizing, but not directing, the Debtors to, among other things, (a) secure \$5.5 billion of debtor-in-possession financing; (b) continue to use and the Debtors’ cash management system; and (c) pay certain pre-petition claims relating to (i) certain safety, reliability, outage, and nuclear facility suppliers; (ii) shippers, warehousemen, and other lien claimants; (iii) taxes; (iv) employee wages, salaries, and other compensation and benefits; and (v) customer programs, including public purpose programs. The First Day Motions were subsequently approved by the Bankruptcy Court on a final basis at hearings on February 27, 2019, March 12, 2019, March 13, 2019, and March 27, 2019.

On July 1, 2019, the Bankruptcy Court entered an order approving a deadline of October 21, 2019, at 5:00 p.m. (Pacific Time) (the “Bar Date”) for filing claims against the Debtors relating to the period prior to the Petition Date. The Bar Date is subject to certain exceptions, including for claims arising under section 503(b)(9) of the Bankruptcy Code, the Bar Date for which occurred on April 22, 2019. The Bankruptcy Court also approved the Debtors’ plan to provide notice of the Bar Date to parties in interest, including potential wildfire-related claimants and other potential creditors. On November 11, 2019 the Bankruptcy Court entered an order [Docket No. 4672] approving a stipulation between the Debtors and the TCC to extend the Bar Date for unfiled, non-governmental fire claimants to December 31, 2019, at 5:00 p.m. (Pacific Time).

For additional information regarding the Chapter 11 Cases, refer to the website maintained by Prime Clerk, LLC, the Company’s claims and noticing agent, at <http://restructuring.primeclerk.com/pge>, as well as to the Debtors’ annual report on Form 10-K for the year ended December 31, 2018, their joint quarterly reports on Form 10-Q for the quarters ended March 31, 2019, June 30, 2019 and September 30, 2019, and other reports filed with the SEC, which are available on PG&E Corporation’s website at [www.pgecorp.com](http://www.pgecorp.com) and on the SEC website at [www.sec.gov](http://www.sec.gov). The Debtors also routinely post or provide links to certain documents and information related to the Chapter 11 Cases at <http://investor.pgecorp.com>, under the “Chapter 11” tab.

## **3. INVENTORY**

Inventories are carried at weighted-average cost and include natural gas stored underground as well as materials and supplies. Natural gas stored underground is recorded to inventory when injected and then expensed as the gas is withdrawn for distribution to customers or to be used as fuel for electric generation. Materials and supplies are recorded to inventory when purchased and expensed or capitalized to plant, as appropriate, when consumed or installed.

#### 4. ACCOUNTS RECEIVABLE

The following reflects the balance of the Utility's Accounts receivable – Customers as of October 31, 2019:

(in millions)	Accounts Receivable – Customers (Pre and Post-Petition)
<b>Receivables Aging</b>	
0 -30 Days	\$ 752
31-60 Days	155
61-90 Days	62
91+ Days	162
Unmailed invoices	115
<b>Total accounts receivable – Customers</b>	<b>1,246</b>
Other <sup>(1)</sup>	34
Allowance for doubtful accounts	(40)
<b>Accounts receivable – Customers (net)</b>	<b>\$ 1,240</b>

<sup>(1)</sup> Represents Department of Water Resources bond charge, credit balance reclassification, and unidentified receipts.

#### 5. ACCOUNTS PAYABLE

To the best of the Debtors' knowledge, all undisputed, validated post-petition accounts payable have been and are being paid under agreed-upon payment terms.

In the ordinary course, in most instances the Debtors' process for validating items for payment to suppliers requires the matching of a vendor invoice with a purchase order and, additionally, with a goods receipt (reflecting the Debtors' acknowledgment of the delivery of goods or completion of services). That matching process extends the timeline for a vendor invoice to be cleared for payment until such time as the validation operation is fully complete. The Debtors are actively engaged on an ongoing basis with its supplier base to minimize the invoice matching and validation time frame. To the best of the Debtors' knowledge, in all instances where the invoice matching process has been satisfactorily completed for post-petition vendor activity, the Debtors do not have any past due post-petition accounts payable as of October 31, 2019.

#### 6. DEBTOR-IN-POSSESSION ("DIP") FINANCING

The following table summarizes the Corporation's and the Utility's outstanding borrowings and availability under their DIP credit facilities at October 31, 2019:

(in millions)	Aggregate Limit	Term Loan Borrowings	Revolver Borrowings	Letters of Credit Outstanding	Aggregate Availability
PG&E Corporation	\$ —	\$ —	\$ —	\$ —	\$ —
Utility	5,500 <sup>(1)</sup>	1,500	—	713	3,287
<b>Total DIP credit facilities</b>	<b>\$ 5,500</b>	<b>\$ 1,500</b>	<b>\$ —</b>	<b>\$ 713</b>	<b>\$ 3,287</b>

<sup>(1)</sup> Includes \$1.5 billion of letter of credit subfacility.

## 7. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are reported at the lower of their historical cost less accumulated depreciation or fair value. Historical costs include labor and materials, construction overhead, and allowance for funds used during construction. PG&E Corporation Consolidated balances of its property, plant, and equipment were as follows at October 31, 2019:

(in millions)	PG&E Corporation Consolidated
Electric <sup>(1)</sup>	\$ 62,093
Gas	22,950
Construction work in progress	2,679
Other Plant in Service	20
<b>Total property, plant, and equipment</b>	<b>87,742</b>
Accumulated depreciation	(26,096)
<b>Net property, plant, and equipment</b>	<b>\$ 61,646</b>

<sup>(1)</sup> Balance includes nuclear fuel inventories. Stored nuclear fuel inventory is stated at weighted-average cost. Nuclear fuel in the reactor is expensed as it is used based on the amount of energy output.

## 8. PAYMENT OF TAXES

To the best of the Debtors' knowledge, the Corporation and the Utility are current on all taxes payable.

## 9. LIABILITIES SUBJECT TO COMPROMISE

The following reflects the balance of liabilities subject to compromise ("LSTC") as of October 31, 2019:

(in millions)	Pacific Gas & Electric Company	PG&E Corporation	PG&E Corporation Consolidated
Financing Debt <sup>(1)</sup>	\$ 21,813	\$ 650	\$ 22,463
Wildfire-related Claims <sup>(2)</sup>	20,560	—	20,560
Trade creditors	1,240	5	1,245
Non-qualified benefit plan	18	127	145
2001 bankruptcy disputed claims	221	—	221
Customer deposits & advances	279	—	279
Others	165	2	167
<b>Total Liabilities Subject to Compromise</b>	<b>\$ 44,296</b>	<b>\$ 784</b>	<b>\$ 45,080</b>

<sup>(1)</sup> At October 31, 2019, the Debtors had \$650 million and \$21,526 million in aggregate principal amount of pre-petition indebtedness, respectively. Utility pre-petition financing debt also includes \$287 million of accrued contractual interest to the Petition Date.

<sup>(2)</sup> Wildfire-related claims include aggregate liability accruals of \$12.9 billion for the 2018 Camp fire, \$7.5 billion for the 2017 Northern California wildfires and \$212 million for the Butte fire and is shown net of \$100 million deposited into the Wildfire Assistance Fund on August 2, 2019 in connection with potential liabilities related to the 2018 Camp fire and the 2017 Northern California wildfires. For additional information on pre-petition wildfire-related claims reported as LSTC, please see Note 10 of the Notes to the Condensed Consolidated Financial Statements in the Debtors' joint quarterly report on Form 10-Q for the three months ended September 30, 2019.

## 10. RECAPITULATION OF FUNDS HELD AT END OF MONTH

The following reflects the bank balances of the Corporation and the Utility as of October 31, 2019:

Legal Entity	Bank	Account No.	Balance, End of Month (in ones)
PG&E Corporation	The Bank of New York Mellon	8400	\$ 444,500,000
PG&E Corporation	The Bank of New York Mellon	9023	429,120
PG&E Corporation	Bank of America	7107	—
PG&E Corporation	The Bank of New York Mellon	4558	—
PG&E Corporation	Union Bank of California	9557	737